interest on EPF and GPF for the employees;

(d) what steps are being taken by his Ministry to ractify the situation and bring the rate of interest on GPF and EPF at par for the last three financial years and maintain a single policy on this score; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The rate of interest on GPF accumulations for the years 2002-03, 2003-04 and 2004-05 was fixed at 9 per cent, 8 per cent and 8 per cent respectively.

(b) and (c) The rates of interest on GPF and EPF accumulations have by and large been pegged at the same level. However, the rates of interest on EPF accumulations since 2002-03 have not been formally notified.

(d) and (e) Expert Committees have recommended that administered interest rates should be benchmarked to market rates of interest. However, the implementation of the recommendation needs to take into account the differences in the nature of funds.

Merger of banks

†2837. SHRI LALIT KISHORE CHATURVEDI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the banks in the public sector are being merged to transform them into a bigger size;

(b) if so, what will be the consequences thereof; and

(c) what will be the role of Foreign Direct Investment in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Government has indicated that it would consider specific proposals from nationalised banks as emanating from the management of the banks themselves with Government playing a supportive role as the common shareholder. This consolidation would allow economies of scale in terms of footprint, manpower and other resources. Having Indian Banks of a larger size would also enable them to face

†Original notice of the question was received in Hindi

competition arising from internationalization of the economy. Larger size also entails better management of risk.

(c) It is too early to assess the role of Foreign Direct Investment (FDI) in this regard. However, there is no change in the existing limit stipulated in the relevant banking statutes regarding flow of FDI in the public sector banks.

Licence to open branches of foreign banks

2838. SHRI CHO S. RAMASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to give permission to new foreign banks to open branches in the country;

(b) if so, the details thereof;

(c) how many such foreign banks have shown interest to open branches in the country; and

(d) what are the guidelines for giving such permissions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a), (b) and (d) Yes, Sir. Reserve Bank has issued a press release on February 28, 2005, in consultation with Government of India, indicating a 'Roadmap for Foreign Banks Presence in India' which contains guidelines for Bank branches of foreign banks in India. These guidelines can be seen in RBI website *www. rbi.org.in.*

(c) Reserve Bank of India has received applications from four foreign banks as on 15th April, 2005 for maiden presence/upgradation in India. These proposals are considered for approval in the meetings of Inter Departmental Committee in the Ministry of Finance and sometimes through circulation of the proposals also.

Kisan Credit Cards

2839. SHRI S. ANBALAGAN: Will the Minister of FINANCE be pleased to state:

(a) the salient features of Kisan Credit Cards (KCCs);